

May 29, 2012

Senate Energy-Tech

My Testimony Against SB 1134, SB 1135, SB 763

Dear Esteemed Michigan Senators:

The 100th anniversary of flight, the maiden voyage of the "Flying Machine", was marked in 2003. A date and two brothers to celebrate, indeed -- a great display of human ingenuity, innovation, determination and perseverance. The date did not go unnoticed by the Mackinac Center for Public Policy. In a Viewpoint on Public Issues titled "Lessons for the First Airplane", Lawrence Reed wrote about the Wright brother's achievement. Coincidentally, at the same time the Wright brothers were working on flight, the U.S. Government was financing another man to invent flight ... at great expense to the taxpayers. The Wright brothers not only beat him but did so at their own cost and at a very small fraction of the government's "investment".

I quote Lawrence Reed here: "Does this remarkable story suggest that government is more farsighted than the private sector and that subsidies are needed to spur new inventions? Or that government quickly sees the error of its ways and corrects its mistakes? Or that the pursuit of profit just adds another layer of cost and makes new inventions more expensive than necessary?"

It is not the government's role to take from one and give to another. It is not government's role to advance one industry or company over another. It is not the government's role to be venture capitalists.

Alternative energy is expensive and inefficient. They are not there yet in being cost efficient to advance the human condition. Scores of books and articles have been written on the folly of subsidizing it. Taxpayer dollars are still being thrown away on it for no good reason.

Real ways to help the poorest in our society are the very things that help all Michigan citizens.... stimulus of the economy comes from low taxes for all, unburdening businesses from excessive regulation, pass Right to Work and let Free Market Capitalism do what it does best... it creates wealth and prosperity. Socialism and socialistic programs are losers. Big Government central planning is a loser. Alternative energy will have a place in the U.S. economy one day. But today should not be that day. Trust the private sector to determine that day.

Thank you for your consideration.

My best,

Isabelle Terry

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Rockford, MI 49341

Nuclear: \$0.019

Coal: \$0.027

Natural Gas: \$0.081

Wind: \$0.030

Hydroelectric: \$0.009

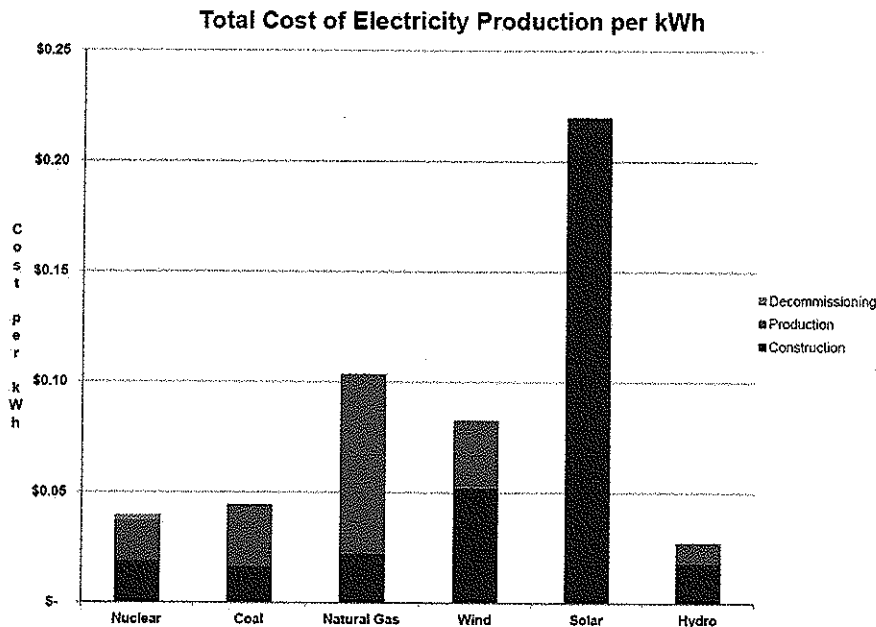
Solar: No estimate found

Decommissioning Cost per kWh for Nuclear Power Plants

Nuclear energy is unique in that it must pay for future decommissioning of the facility. Decommissioning costs vary from year to year depending on changes in return on investment from the fund, but a general guideline is \$0.0015 per kWh. This cost per kWh yields a \$500 million decommissioning fund assuming a 4% return on investment over 40 years (useful life).

Comparing Per Kilowatt-Hour Cost Estimates for Multiple Types of Energy Production

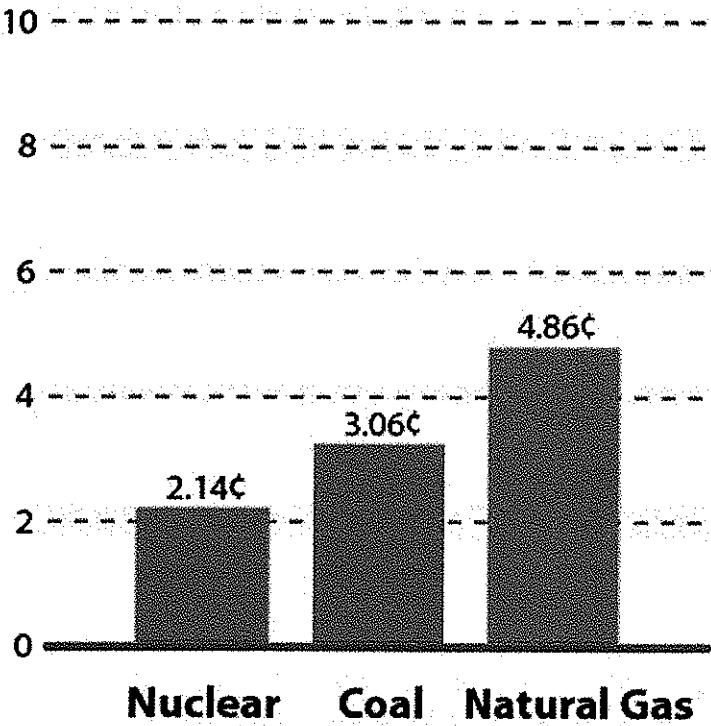
Most Cost Effective Form of Energy Production



Hydroelectric is the most cost effective at \$0.03 per kWh.

Hydroelectric production is naturally limited by the number of feasible geographic locations and the huge environmental

U.S. Electricity Production Cost (2010 Cents per Kilowatt-Hour)



Source: Ventyx



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Should the government invest in alternative energy?

Published May 16, 2012 | Special Report | Bret Baier

Special Guests: Charles Krauthammer, Juan Williams, Steve Hayes

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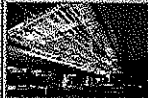


This is a rush transcript from "Special Report," May 16, 2012. This copy may not be in its final form and may be updated.

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(BEGIN VIDEO

JAMES NELSON,

SOLAR 3D PRESIDENT: Supporting research is an important role of government but the loan guarantee program is a wasteful mistake because it doesn't work. Having

		
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BRET BAIER, ANCHOR: Well, the current environment doesn't seem like that is going to be possible with Solyndra fresh in their minds. House Republicans holding a hearing up on Capitol Hill today about green energy. How much the government should invest in it.

We're back with the panel. Charles, there was testimony obviously on both sides. But the point Republicans were making was the promise as we talked about in the previous panel of President Obama, the one million jobs created hasn't come close.

CHARLES KRAUTHAMMER, SYNDICATED COLUMNIST: Look, it's pie in the sky because I think Obama misunderstands the role of government in new technology. Yes, the government ought to invest in research, as it does with NIH, for example. Because for a private company to go into new research or basic research won't make sense. It's not going to pay off in a way they're going to be able to be solvent.

But the government has that role. But the role is not to subsidize infant industries like these which are clearly not economical and are miles away from being economical. There will be technological advances in the future. And with solar or wind or others will be economic and competitive.

But they are not nearly selling. When Obama says he wants to make it competitive, it's not that he's going to make the alternate energies cheaper, is that he wants to tax and restrict -- and regulate the traditional energies to a point where it becomes so expensive that it matches the uneconomical clean energies in expense and then it becomes even.

But that's the wrong way to go about it because it bleeds the economy, it raises our energy prices and power expenses, and it undermines the entire economy. I think they're going about it entirely the wrong way.

BAIER: Juan, sometimes these hearings can just be for the lawmakers to show that they're tough on these guys. At one point in this hearing, the CEO of a company called First Solar was questioned because -- and really chastised because he and his board -- members of his board -- sold some 700,000 shares of stock three days after getting

taxpayer subsidies. That kind of thing really sets off alarm bells.

JUAN WILLIAMS, COLUMNIST, THE HILL: It should. I mean clearly it looks like the sucker in the deal is the taxpayer. And it makes everybody nervous. And also you heard in the hearing where people said, look, just straight out, right, it doesn't seem to make sense. Now on the other hand, I think the other side of this picture is that there has to be a role for government in alternative energy.

I mean you look at Germany, you look at China, you look at Brazil, they're all investing in alternative energy. The question is how do you go about it in such a way that you don't have a backlash of failure that comes from a Solyndra type deal, which is right now souring the American public on the idea of making what I think is a legitimate and necessary investment in alternative energy for the future. Especially given -- everyone I think would agree that we are overly dependent on Middle Eastern oil.

BAIER: Steve?

STEVE HAYES, SENIOR WRITER, WEEKLY STANDARD: Well, many European countries are in fact cutting back their investments in alternative energies because they've proven so ineffective and cost so much money. But this is the level of absurdity that we're talking about with respect to green energy. \$90 billion of taxpayer money went into green energy as a part of the stimulus package to create these illusory million jobs as you suggest.

At the same time we are awaiting an announcement tomorrow on the outcome of an investigation by the U.S. Department of Commerce into the government of China, for what? For subsidizing green energy. So at the exact same time we're subsidizing the heck out of green energy we're going after China because they're subsidizing green energy. I mean it's like a folly of the absurd.

BAIER: Here in the U.S.?

HAYES: Here in -- well, no, they're subsidizing it over there and we're complaining that it's unfair practices. So there was an investigation launched in November by the Department of Commerce that has gone through several steps now. We're waiting an announcement on the final outcome of this which may in fact lead to tariffs. The administration is so dedicated to protecting the -- the green energy industry.

BAIER: How big an issue is this in the fall?

KRAUTHAMMER: Well I think it's an adjunct to the issue or it's a part of the major issue. Obama's answer to everything -- expand the government, spend a lot of money, borrow a lot of money under the word "invest." So I think it fits in that. But I think the biggest boondoggle of all was started actually not in the Obama years but before that, which is ethanol.

Even Al Gore admits that it does nothing in respect to climate. It consumes as much energy as it saves. It's a complete loss. And what happens? We're locked into it, huge subsidies, it's a complete waste of money for the taxpayer and the country.

BAIER: That is it for the panel. But stay tuned. And someone should have told the next anchor that, too.

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BANGOR DAILY NEWS

Understanding cost in determining viability of alternative energy

By James L. Lefebvre and Joshua Hayward, Special to the BDN

Posted Aug. 24, 2011, at 4:05 p.m.

At a basic level, the word “alternative” simply means another choice without reference to quality or benefit.

To some, “alternative energy” is a misnomer originated at the onset of the first oil embargo in 1973 when promises associated with cost and performance of power systems like solar and wind were made long before their physical capabilities were known.

The purpose of this article is to begin understanding the economic viability of alternative energy choices.

Cost is defined in economic terms as “the value of money that has been used up to produce something, and hence is not available for use anymore.” We must be sure that cost is understood amidst the fog of grants, government subsidies, tax credits or any other means of paying for these projects beyond privately sourced dollars.

Government funding only changes the source of the money to pay for alternative energy systems but not the “cost” of the product. We all pay the “cost” no matter what governmental scheme is used. It is important to understand the definition of cost in order to determine the economic viability of alternative energy purchase.

The state and federal governments are remiss for lacking a definition that quantifies “viable” alternative energy solutions (i.e., one-year payback) from impractical choices (i.e., 200-year payback), therefore the most impractical alternatives receive the same recognition and government benefits as the most practical choices at the detriment of losing the circulation of good money that could otherwise be more wisely invested on behalf of the taxpayers.

For instance a \$16,500 wind turbine that can’t produce enough power to keep a 100-watt light bulb going for a full year presently receives a 30 percent federal tax credit of \$5,000, a state tax credit and a rebate from Efficiency Maine which was collected from electricity rate payers.

Does that make sense?

Legislation typically includes, in boiler plate form, the phrase “alternatives such as solar, wind and geothermal” when reflecting on government incentives without regard for the issue of economic viability.

The only qualification to receive government incentives is that the project has to be an alternative such as solar, wind or geothermal. The incentive is received no matter how poor the economic return is on a given alternative choice.

Legislation defining viable alternative energy solutions should include cost legitimacy and assurances that government money is not used to support or encourage nonviable alternative energy funds at the expense of forgoing good investments.

In other words, there should be an economic litmus test, presently absent in legislation, to differentiate between